



- Export Control Coordinator's Organization "Export Control Best Practices" (June 5, 2003)

•Overview of Export Compliance

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An Overview of Export Compliance Processes

There are three main areas of concern in Export Compliance for U.S. businesses:

- Restricted Party Screening
 - People, companies, and organizations you can't do business with
- Controlled Goods
 - Products and technologies you can't supply without a license
- Sanctions and Embargoes Programs
 - Countries where your products and technologies can't be delivered

Each of these areas should be straightforward to manage – the government produces the required rules, regulations, lists, and guidelines after all – but they're often not.

Compliance screening requires patience, diligence, and attention.



Some General Problem Areas

- The regulations are not updated online, or are not updated reliably, or not on a timely basis, or are not cumulated from individual rules and orders by the government agencies.
- The many detail areas in the regulations and orders – such as the terms of the respective sanction programs, or the conditions attached to a denial order – are not read by business managers.
- The detail areas are read, but not comprehended – or the required knowledge areas are not cultivated in the necessary people.

Some General Problem Areas

- Insufficient time and budget are allocated for the processing and management of compliance screening-related data.
- Companies fail to implement suitably-scaled automated compliance tools for enhanced efficiency.
- Companies expect over-easy, packaged solutions, and might resent the effort required to assist a solution supplier to tailor a program to fully meet their needs, or the time and staff required to administer it.

Restricted Party Screening

- All of your customers, prospects, contractors, financiers, forwarders, carriers, and vessels need to be screened.
- The official government lists are updated frequently, so your full inventory of target names must be regularly re-screened.
- The various government lists have different applicabilities, and may have different conditions in force within those applicabilities.
- Some U.S. companies decline to do business with any individual or company on any list on account of those entities being risk agents. This is unnecessarily severe in many instances.
- The involved entities passing Restricted Party Screening does not mean the shipment is ready to go. The goods must be assessed for possible export controls, and the country of destination and any transit countries reviewed for prohibitions, sanctions, and embargoes.

RPS Detail Screen



The screenshot shows a web application titled "VISUAL Compliance" with a navigation bar containing links: Restricted Parties, Controlled Goods, Munitions, Regulations, Schedule B, Resources, News, and Main Menu. The main content area displays search results for a specific entity, including a table with fields like MSR Reference No., Name, Notes, Federal Register, and Source. At the bottom, there are buttons for BACK, NEW SEARCH, and EMAIL THESE RESULTS TO ME, along with a link to the HTML-formatted version of the results.

Visual Compliance

Restricted Parties Controlled Goods Munitions Regulations Schedule B Resources News Main Menu

Date of search: **Friday, May 16, 2003**
Time of search: **11:59 AM EST**

MSR Reference No.	PEP002525
Name	Sabir, Muhammad al-Hasan Sudan
Notes	Position in government: Governor, Central Bank of Sudan <i>Country Notes:</i> <ul style="list-style-type: none">· Restricted as an export destination under Office of Foreign Assets Control (OFAC) Sanctions.· Restricted as an export destination under Department of State U.S. Arms Embargoes.· Included in the U.S. Department of Energy Counterintelligence Center Sensitive Countries.· Included in the U.S. Department of State, List of State Sponsors of Terrorism.
Federal Register	
Source	Politically Exposed Persons [CIA]

[BACK](#) [NEW SEARCH](#) [EMAIL THESE RESULTS TO ME](#) [\[HTML-formatted\]](#)

An Overview Of The Principal Export RPS Lists

Arms Export Control Act Debarred Parties [ITAR]

These are statutory debarments against individuals and companies who have been convicted of violating or conspiring to violate the Arms Export Control Act. They are prohibited from participating directly or indirectly in the export of defense articles (including technical data) and defense services. They are published in the U.S. Federal Register as Munitions Export Controls Orders. A cumulation is very infrequently updated at the Department of State DDTC website.

Other munitions-related orders include:

- Munitions Export Nonproliferation Orders
- Designated Terrorist Organizations
- Missile Proliferators
- Chemical and Biological Weapons Concerns
- Lethal Military Equipment Sanctions
- Foreign Persons Designated Under the Weapons of Mass Destruction Trade Control Regulations

These are designations of known or suspected security risk agents, published in the Federal Register.

Denied Persons List [BIS]

Denied Persons are individuals and companies whose export privileges have been denied by written order of the Department of Commerce. Each order affecting export privileges is published in the Federal Register, with a summary maintained at the BIS Website.

The Federal Register order must be read to determine the extent, terms, and conditions of each denial.

Most denied persons reside in the United States, where they have been convicted. They could be shipped domestic product, but at the enormous risk they would re-export that product, for which the supplier would be liable.

Entity List and "Unverified" Entity List [BIS]

End users detailed on the Entity List present an unacceptable risk of diversion to developing weapons of mass destruction or the missiles used to deliver those weapons. Export license requirements apply to shipments going to these parties.

The Unverified List includes names and countries of foreign persons who in the past were parties to a transaction for which BIS could not conduct a pre-license check or a post-shipment verification. Any transaction involving a listed person is deemed by BIS to raise a "red flag".

Specially Designated Nationals and Blocked Persons, including Cuba and Merchant Vessels, Iran, Iraq and Merchant Vessels, Libya, Sudan Blocked Vessels [OFAC]

Specially Designated Nationals are persons, companies, organizations, and vessels named in the enforcement of economic and trade sanctions against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. Each is subject to the prohibitions detailed in the terms of the specific sanction programs under which they are designated.

U.S. General Services Administration (GSA) List of Parties Excluded from Federal Reciprocal Programs

GSA publishes and frequently revises a lengthy list of individuals and companies who are barred from participation in any federal government contracts or programs. Each party named has a reason for exclusion. There are more than 100 possible reasons published by the agency, the designated parties only restricted as specified in the reason assigned to their name.

Problem Areas in RPS Screening

Innocent individuals or companies having the same or similar name as a party designated as blocked.

- Companies have to be tolerant about this difficulty.
- There is no avoiding the fact of pervasive similarities of name, even in small localities.
- Information given on government lists is sometimes complete and exact, other times more sparse.
- Whether your screening is automated or manual, item-by-item assessment is needed on partial matches, and well-considered decisions are required.
- Automated systems are as easy to maximize as they are to foil. For quality results, try to work with the system.

Problem Areas in RPS Screening

Different stylistic conventions being observed respectively in government sources and the lists being screened.

- Lists or individual entries must be adapted somewhat for an automated system – the same adaptations as an individual makes cognitively in reading – and also brought into a uniform format.

Criminals and terrorists adopting new identities.

- Your customer lists must be re-screened routinely.

Doubtful instances can and should be confirmed with the enforcing agency.

Problem Areas in RPS Screening



The screenshot shows the Visual Compliance website interface. At the top is a navigation bar with links: Restricted Parties, Controlled Goods, Munitions, Regulations, Schedule B, Resources, News, and Main Menu. Below the navigation bar, a search results summary is displayed. It includes a 'CAUTION' icon, a search criteria box showing 'Name: Muhammad Ali', 'Company: n/a', and 'Country: n/a', and a 'NEW SEARCH' button. The summary text states: 'You searched for any records containing: for exact matches, which returned 14 results. Date of search: Friday, May 16, 2003. Time of search: 12:09 PM EST. Click the MSR Reference Number for details. U.S. GOVERNMENT AGENCIES CONTACT LIST'. Below this is a table with three columns: 'MSR Reference', 'Name', and 'FRC [Click for PDF]'. The table contains three rows of search results.

MSR Reference	Name	FRC [Click for PDF]
SDN006368	MUSA, Rifa'i Ahmad Taha a.k.a.: ABU YASIR a.k.a.: THABIT 'IZ a.k.a.: 'ABD-AL-'IZ a.k.a.: AL-KAMEL, Salah 'Ali a.k.a.: ABD-AL-WAHAB, Abd-al-Hai Ahmad a.k.a.: TAHA MUSA, Rifa'i Ahmad a.k.a.: 'ABD ALLAH, 'Issam 'Ali Muhammad	
SFI035.01	Ibrahim Ali Muhammad Abu Bakr	
PEP001756	Musa, Ali bin Muhammad bin, Dr	

Controlled Goods

When exporting commodities from the United States (or releasing technologies or source code to a foreign national in the United States), under U.S. law it is the responsibility of the exporter to classify the items to determine if an export license is required from any U.S. Government agency.

The defining reference in the Export Administration Regulations (EAR) is the Commerce Control List (CCL), published and administered by the Department of Commerce, Bureau of Industry and Security (BIS).

BIS is the primary licensing agency for controlled goods and dual use exports (commercial items that could have military applications).

Controlled Goods

Other departments and agencies have regulatory jurisdiction over certain types of exports and re-exports. For example, the State Department licenses export defense articles and services. Other department jurisdictions are given in the Commerce Control List manifest for each affected Export Control Classification Number (ECCN).

For all goods, determining the ECCN is the first step toward determining if an export license is required and from which department, pertinent details and specifications, and if license exceptions are available.

License Exceptions, where available, can apply in a number of different categories. These include value, destination, end user, temporary import/export/reexport, humanitarian donations, and others.

The ECCN manifest also provides the Reasons for Control for the item. Not all items are controlled for all destinations – only where the given Reasons for Control are in effect for the country of destination.

Controlled Goods

The triangulation of ECCN number, Reasons for Control, and country of destination is provided by the Commerce Control List Country Chart.

The Country Chart is not the most convenient document to consult, and is a process which can be expedited by automation.

If an item is not found in the CCL, or if for a controlled item the goods are not within the specifications detailed in the ECCN entry, the goods are classified as "EAR99". An EAR99 classification doesn't mean the goods are clear to ship to anyone anywhere, however. All export goods are subject to the EAR, and must respect the terms of U.S. federal sanction programs, embargoes, and blocked party restrictions.

ECCN Manifest

0A984	Shotguns, barrel length 18 inches (45.72 cm) inches or over; buckshot shotgun shells; except equipment used exclusively to treat or tranquilize animals, and except arms designed solely for signal, flare, or saluting use; and parts, n.e.s.
License Requirements	
Reason for Control: CC, FC, UN Control(s) FC applies to entire entry. CC applies to shotguns with a barrel length greater than or equal to 18 in. (45.72 cm),	Country Chart FC Column 1 CC Column 1
License Exceptions	
LVS: N/A GBS: N/A CIV: N/A	
Items Controlled	
Unit: \$ value Related Controls: This entry does not control shotguns with a barrel length of less than 18 inches (45.72 cm). (See 22 CFR part 121.) These items are subject to the export licensing authority of the Department of State, Office of Defense Trade Controls. Related Definitions: N/A Items: The list of items controlled is contained in the ECCN heading.	

Sanctions and Embargoes

Office of Foreign Assets Control (OFAC) Sanctions

OFAC Sanctions are typically economic sanctions, meaning they do not always or usually ban exports specifically. But, within their defined scopes, the sanction programs would typically prohibit the payments needed to conclude export transactions, which is effectively the same thing. With no payment, there is no sale, and no export shipment.

OFAC Sanctions

Balkans

- Obstructs property of persons who commit or assist violent acts that jeopardize international stabilization efforts in the Western Balkans.

Burma (Myanmar)

- Prohibits new investment activities in Burma. Most trade in goods, services, and technology is exempt.

Cuba

- Total freeze on all assets for both government and private sectors. Prohibits exports, imports, travel, and any transactions to or from Cuba, or with designated Cuban nationals wherever they reside.

Iran

- Bans any kind of financial transaction or trade involving Iran, direct or indirect, as well as both imports and exports to and from Iran, except for imports of carpets and foodstuffs, and exports of agricultural commodities, medicine, and medical equipment licensed by OFAC.

Iraq

- U.S. Sanctions against Iraq have been eased.

Liberia

- Prohibits imports of rough diamonds from Liberia to the U.S., either directly or indirectly, whether or not the diamonds originated in Liberia. This ruling does not contain any other restrictions or blocking provisions.

OFAC Sanctions

Libya

- Freezes all assets with total blocking provisions against the government of Libya. No exports permitted except for agricultural commodities, medicine, and medical equipment licensed by OFAC. Imports of any goods or services from Libya are prohibited.

Narcotics

- All financial transactions of any kind with designated traffickers and kingpins are prohibited.

Nonproliferation

- Any person or entity designated as being engaged in activities involving weapons proliferation is prohibited from importing or exporting any goods, technologies, or services.

North Korea

- Sanctions against North Korea were eased in June, 2000, allowing most exports and financial transactions. Imports require prior notification to and the approval of OFAC.

Russian Uranium

- Assets blocked relating to the implementation of the agreement between the U.S. and Russia on the disposition of highly enriched uranium. No trade restrictions.

Sierra Leone

- Prohibits the import of rough diamonds, except those with a Sierra Leone Certificate of Origin. Does not block or restrict other financial transactions.

OFAC Sanctions

Sudan

- Full blocking provisions and assets freeze against the government of Sudan. No transactions or dealings in property belonging to Sudan or Sudanese designated nationals are allowed. Imports and exports to and from Sudan, direct or indirect, are strictly prohibited, as well as any attempt to financially aid the government of Sudan.

Taliban

- Emergency terminated in March, 2002, with the defeat and dispersal of the Taliban government in Afghanistan. But is still in effect, prohibiting no dealings in any property pertaining to the Taliban group wherever they reside.

Terrorism

- Financial institutions are required to block all funds in which designated terrorists or terrorist organizations have an interest. Criminal offence to support or aid Foreign Terrorist Organizations.

F.R. of Yugoslavia (Serbia and Montenegro)

- Earlier sanctions against Yugoslavia were rescinded, with no present trade restrictions. Assets previous blocked remain blocked, and transactions with nationals still designated by OFAC are prohibited.

Zimbabwe

- Full blocking provisions and assets freeze against the government of Zimbabwe. No transactions, export, or dealings in property belonging to Zimbabwe or designated nationals are allowed.

EAR Part 746 Embargoes

- Cuba
- Iran
- Iraq (eased)
- Libya

EAR Part 736 General Prohibition Eight

(In transit shipments and items to be unladen from vessels or aircraft)

- Albania
- Armenia
- Azerbaijan
- Belarus
- Bulgaria
- Cambodia
- Cuba
- Estonia
- Georgia
- Kazakhstan
- Kyrgyzstan
- Laos
- Latvia
- Lithuania
- Mongolia
- Korea (North)
- Russia
- Tajikistan
- Turkmenistan
- Ukraine
- Uzbekistan
- Vietnam

EAR Part 736 General Prohibition Three

(Foreign-produced direct product re-exports)

- Albania
- Armenia
- Azerbaijan
- Belarus
- Bulgaria
- Cambodia
- Cuba
- China
- Estonia
- Georgia
- Kazakhstan
- Kyrgyzstan
- Laos
- Latvia
- Libya
- Lithuania
- Macau
- Moldova
- Mongolia
- Korea (North)
- Romania
- Russia
- Tajikistan
- Turkmenistan
- Ukraine
- Uzbekistan
- Vietnam

U.N. Sanctions

Afghanistan

- Exportation, supply or delivery of any arms and related material (including weapons and ammunition, military vehicles, military equipment and paramilitary equipment) and spare parts for the aforementioned to Usama bin Laden, the Al-Qaida Organization, the Taliban and their associates.

Burundi, Tanzania, Uganda and Zaire

- Exportation, supply or delivery of arms and related material (including weapons, ammunition, military vehicles, military equipment and paramilitary police equipment); any component for such arms and related material; and any goods specifically designed or prepared for use, or normally used, in the manufacture or maintenance of the aforementioned, to persons in these countries, if such activity is for the purpose of the use of such arms or material by non-governmental parties within Rwanda.

Iraq

- Import and export of any goods. However, petroleum and petroleum products may be imported by a person who has the approval of the Committee established by the Security Council of the United Nations in Resolution 661 (1990) to do so. Moreover, the prohibitions shall not apply to the supply or delivery of foodstuffs, medicines or health supplies or any other materials or supplies for essential civilian needs in Iraq on humanitarian grounds by a person who has the approval of the above Committee to do so.

U.N. Sanctions

Liberia

- Direct or indirect importation of rough diamonds.
- Exportation, supply or delivery of arms and related material (including weapons, ammunition, military vehicles, military equipment and paramilitary equipment) and any component for the aforementioned.

Rwanda

- Exportation, supply or delivery of any arms and related material (including weapons, ammunition, military vehicles, military equipment and paramilitary police equipment); any component for such arms and related material; and any goods specifically designed or prepared for use, or normally used, in the manufacture or maintenance of the aforementioned, except for the Government of Rwanda.

Sierra Leone

- Exportation, supply or delivery of arms and related material (including weapons, ammunition, military vehicles, military equipment and paramilitary police equipment); any component for such arms and related material; and any goods specifically designed or prepared for use, or normally used, in the manufacture or maintenance of the aforementioned.
- Direct and indirect import of rough diamonds from Sierra Leone unless such diamonds are controlled through the Certificate of Origin regime administered by the Government of Sierra Leone.

Somalia

- Exportation, supply or delivery of any arms and related material (including weapons, ammunition, military vehicles, military equipment and paramilitary police equipment); any component for arms and related materials; and any goods specifically designed or prepared for use, or normally used, in the manufacture or maintenance of the aforementioned.

Department of State Arms Embargoes

- Afghanistan

- Belarus

- Burma

- China (P.R.)

Commonly known as the Tiananmen Sanctions, most are detailed in section 902 of the Foreign Relations Authorization Act of 1990-91. They prohibit, among other things, munitions and dual-use technology export licenses for the PRC, and the export of satellites for launch by the PRC. Also suspended are activities of the U.S. Trade and Development Agency (TDA) and the Overseas Private Investment Corporation (OPIC), and, as a matter of executive branch policy, multilateral development bank loans or International Monetary Fund (IMF) credits to China, except for projects which meet basic human needs.

- Cuba

- Cyprus

- Haiti

- Indonesia

- Iran

- Iraq

- Liberia

- Libya

- North Korea

- Rwanda

- Somalia

- Sudan

- Syria

- Vietnam

- Yemen

- Zaire

- Zimbabwe

Department of State

Nonproliferation Sanctions

Missile Sanctions

- Imposed on foreign persons that knowingly transfer, conspire to transfer, or attempt to transfer items listed on the Missile Technology Control Regime (MTCR) Annex that contribute to MTCR-class missile programs in non-MTCR states.

Chemical and Biological Weapons Sanctions

- Imposed on foreign entities for contributing to a foreign Chemical and Biological Weapons program in terrorism-listed countries, or imposed on any foreign country determined to have used CBW in violation of international law, or to have used CBW against its own nationals.

Lethal Military Equipment Sanctions

- Imposed on any foreign government that has provided lethal military equipment to a state sponsor of terrorism (Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria).

Nuclear Sanctions

- Glenn Amendment Sanctions on nuclear weapons transfer or detonation, including termination of various types of foreign assistance, termination of arms sales, and restrictions on provision of credits, guarantees, and loans from U.S. banks. Also under the Symington Amendment, Nuclear Proliferation Prevention Act, and Atomic Energy Act.

Other Nonproliferation Sanctions

- Iran Iraq Non-Proliferation Act of 1992
- Iran Nonproliferation Act of 2000

Other Prohibitions

BIS India and Pakistan Export Restrictions

Exports and Reexports to Afghanistan Restrictions

Boycotts

- Countries that may require participation in, or cooperation with, an international boycott
- U.S. companies receive requests to engage in activities that further or support the boycott of Israel by the Arab League. Compliance with such requests may be prohibited by the Export Administration Regulations and reportable to BIS.

Thank you



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